

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:BR:2
PLR-125506-15

Date:
November 05, 2015

TY:

Legend

Distributing =

Controlled =

State =

Individual A =

Individual B =

Business A =

Business B =

Dear :

This letter responds to your July 20, 2015, request, and subsequent correspondence, submitted by your authorized representatives, for a ruling on the Federal income tax consequence of a series of transactions. The information provided in that letter and in later correspondence is summarized below.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for a ruling, it is subject to verification on examination.

This letter and the ruling contained herein are issued pursuant to section 6.03 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 17, regarding a significant issue under section 355 and only addresses a discrete legal issue involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transaction described in this letter, or as to any issue not specifically addressed by the ruling below.

FACTS

Distributing, a State A corporation, is engaged in Business A and Business B. Distributing is owned equally by two individual shareholders, Individual A and Individual B. Information has been provided describing the activities undertaken by employees of both Business A and Business B.

PROPOSED TRANSACTION

- (i) Distributing will form Controlled and contribute its Business A assets in exchange for all of the stock in Controlled.
- (ii) Distributing will distribute all of the stock of Controlled to Individual A in exchange for all of Individual A's shares in Distributing.

RULING

Based solely on the information submitted, we rule that Distributing and Controlled each perform active and substantial management and operational functions related to Business A and Business B. Treas. Reg. § 1.355-3(b)(2)(iii) and Rev. Rul. 79-394, 1979-2 C.B. 141.

CAVEATS

Except as expressly stated in the ruling section herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Mark J. Weiss
Chief, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: